

# **TOWN OF DAVIE TOWN COUNCIL AGENDA REPORT**

**TO:** Mayor and Council members

**FROM/PHONE:** William F. Underwood, II, Director of Budget & Finance

**SUBJECT:** Internal Control Presentation

**AFFECTED DISTRICT:** All

**REPORT IN BRIEF:** On February 1, 2006, the Town Council was provided with four companies to choose from to review the Town's internal controls. Council ranked Moore Stephens Lovelace, P.A. as the most qualified company to review the Town's internal controls. A contract was then negotiated with the firm and the Town Council approved an engagement letter with the firm at the February 15, 2006, Town Council meeting.

Moore Stephens Lovelace, P.A. has now completed reviewing the Town's internal controls and is ready to make a presentation to the Town Council regarding their work and their findings and recommendations. The firm will also be providing a written report which will be distributed under separate cover.

In order to appropriately implement recommendations in the internal control report, Town staff recommends engaging Moore Stephens Lovelace, P.A. to perform three vital functions, (1) prepare procedures manuals for certain Town functions and obtain Council approval of the formal policies and procedures, (2) provide training to Town staff on the policies and procedures, (3) provide monitoring services regarding the implementation and continued use for a period of time. The engagement letter for this project is attached as an exhibit to the accompanying resolution.

**PREVIOUS ACTIONS:** Town Council approved resolution R-2006-54 on February 15, 2006 to accept the engagement letter by Moore Stephens Lovelace, P.A.

**CONCURRENCES:** N/A.

**FISCAL IMPACT:**

Has request been budgeted? No

If yes, expected cost: \$67,500

Account Name:

Additional Comments: Not applicable

**RECOMMENDATION(S):** Motion to approve the resolution.

**Attachment(s):**

Resolution

Engagement Letter

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH THE FIRM OF MOORE STEPHENS LOVELACE, P.A. TO PREPARE PROCEDURES MANUALS, PROVIDE TRAINING, AND PROVIDE MONITORING SERVICES.

WHEREAS, on February 1, 2006, Town Council had the opportunity to rank four companies to review the Town's internal controls and over the procurement process; and

WHEREAS, Moore Stephens Lovelace, P.A. was chosen to review the Town's internal controls and an engagement letter with the firm was approved by the Town Council by resolution R2006-54; and

WHEREAS, a report has been issued which includes recommendations for enhancing the Town's internal controls; and

WHEREAS, in order to appropriately implement these recommendations the Town would benefit from the continued involvement of Moore Stephens Lovelace, P.A; and

WHEREAS, after review, Town Council wishes to accept the agreement with Moore Stephens Lovelace, P.A.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council of the Town of Davie does hereby enter into a contract with Moore Stephens Lovelace, P.A. to prepare procedures manuals, provide training, and provide monitoring services, and authorizes the Mayor to execute an agreement for such services which is attached hereto and identified as Exhibit "A".

SECTION 2. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2006

\_\_\_\_\_  
MAYOR/COUNCILMEMBER

Attest:

\_\_\_\_\_  
TOWN CLERK

APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2006

## **Exhibit A**

### **CONSULTING AGREEMENT BETWEEN THE TOWN OF DAVIE AND MOORE STEPHENS LOVELACE, PA.**

This agreement made and entered into the \_\_\_\_<sup>th</sup> day of August 2006 by and between the:

Town of Davie  
6591 Orange Drive  
Davie, Florida 33314

And

Moore Stephens Lovelace, P.A. (MSL)  
1201 South Orlando Ave., Suite 400  
Winter Park, FL 32789

This agreement sets forth the scope of consulting services MSL is to provide the Town of Davie (the “Town”) related to the Town’s procurement system made up of the purchasing, receiving, accounts payable and disbursements functions and other significant accounting systems. The services to be provided are described in three tasks as follows:

#### **Task I – Prepare Procedures Manuals**

- Purchasing and disbursements
- Payroll and personnel
- Cash receipts and receivables
- Capital improvements and asset management
- Obtain Town Council approval of formal policies and procedures

#### **Task II – Provide Training**

- Identify users of specific systems
- Prepare half-day training sessions for each major accounting process
- Develop a general purchasing course to inform employees of new policies and procedures

#### **Task III – Provide Monitoring Services**

- Develop a schedule to perform monitoring procedures
- Develop a work-plan for monitoring
- Apply monitoring procedures at least quarterly for the first year
- Report results of monitoring to management
- Transition Town personnel into monitoring tasks

The fee for these services will be at MSL's standard hourly rates plus out-of-pocket costs (such as report reproduction, typing, postage, travel, copies, telephone, etc.) except that they agree that their gross fee, including expenses, will not exceed \$67,500. This fee includes preparation of materials in a photo-ready format. The Town will be responsible to production and distribution of materials to appropriate personnel. MSL's standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. We anticipate that work will begin in July 2006 and invoices will be provided monthly as work is complete.

In accordance with MSL's policies, work may be suspended if the account becomes 30 days or more overdue and may not be resumed until the account is paid in full. If they elect to terminate their services for nonpayment, the Town will be obligated to compensate them for all time expended and to reimburse them for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from management personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, MSL will discuss it with management and arrive at a new fee estimate before they incur the additional costs.

This fee will be invoiced on an interim basis during the progress of our engagement. Invoices are due within ten (10) days of the invoice date. Any remaining balance is due upon delivery of the final product. Any subsequent discussions, conferences, telephone conversations, correspondence or related services will be invoiced separately.

In the event we are requested or authorized by the Town or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Town, the Town will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

A service charge of 1.5 percent per month will be assessed on any invoice not paid within thirty (30) days of the invoice date. We reserve the right to halt further services until payment on past due invoices is received. In the event that collection procedures are required, you agree to pay all expenses of collection, including collection efforts by our staff, which will be billed at our standard hourly rates, and all attorney's fees and costs actually incurred by our Firm in connection with such collection, whether or not suit is filed thereon.

This engagement is for a limited period of time and is further limited by scope. Any other services performed on your behalf shall be by separate agreement. If at any time during the engagement, you fail to make prompt payments or cooperate with the staff performing this engagement, we reserve the right to suspend performance until such time as payment is made or cooperation resumes. In no event will our Firm be liable for incidental or consequential damages, even if we have been advised of the possibility of such damages.

The terms and conditions set out in this agreement constitute the entire agreement between the parties and supersede any verbal or written agreements concerning the above-referenced services. If the services and terms outlined above are in accordance with your understanding, please sign two copies of this letter, keep one for your records and return one to us.

We greatly appreciate this opportunity to be of service to you. If you have any questions, please do not hesitate to contact us. All inquiries should be directed to the Shareholder in charge of this engagement, Daniel J. O’Keefe, CPA.

Sincerely,

**MOORE STEPHENS LOVELACE, P.A.**

The above terms and conditions are accepted and affirmed.

By: \_\_\_\_\_

Date: \_\_\_\_\_

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